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The Agricultural Situation and Crop Prospects

in

COMMUNIST CHINA 1964

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U.S. DEPARTMENT OF AGRICULTURE
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SUMMARY AND CONCLUSIONS

The outlook for agriculture in Mainland China in 1964 appears better than for any year since the "great leap forward" in 1958. Total agricultural production, however, likely will be below the pre-leap forward period. Per capita production, however, although exceeding the crucial 1959-61 period, will remain substantially below 1957. Food crops have made a better recovery than either commercial (industrial) crops or livestock numbers. Besides registering a modest increase compared with 1963, food crop production should fall within a range approximating the 1957 level. This estimate is based on continued improvements in the agricultural sector, a more realistic approach (although under firmer control), more selected inputs, and generally improved weather conditions since 1959-61.

Prospects for better crops in 1964 are due mainly to generally more favorable weather during the cropping season. Acreages of most winter crops and early rice were expanded because of good moisture conditions at planting time. However, wet, cold weather in the winter and spring damaged winter crops and impeded growth of early spring crops in many areas. Production of winter wheat and early rice, contributing about equal portions and together comprising about one-fourth of total grains (excluding tuber crops), exceeded the poor 1963 crop by about the same magnitude as acreage increases. Acreages of other winter crops (rapeseed, green manure crops, sweetpotatoes in Kwangtung Province, and minor grains) reportedly were increased.

Prospects for fall harvested crops, although less discernable, are not as bright as those for summer harvested crops. Undetermined increases in acreage of oilseed crops, sugarcane, fibers, and tobacco are believed to have occurred at the expense of potatoes and miscellaneous grains. Increased acreage of early and late rice likely reduced intermediate rice acreages. Most of these acreage shifts occurred because of favorable moisture conditions at planting time, with crops having the most promise receiving priority. By midseason most crops were growing satisfactorily. Below normal precipitation, which has continued in Central and East China since June, likely had only minor effects on earlier maturing autumn crops. If dry conditions persist, yields of late maturing crops, particularly late rice, may be affected.

The slow recovery of food availabilities since 1961 accelerated slightly during the 1963/64 consumption year (July-June) and is expected to continue at a similar pace during the 1964/65 consumption year. Adjustments in some rationed goods and price reductions of certain categories of foods, together with increased production on private plots and larger supplies on the free market, have resulted in improvements in both quantity and quality of the diet. The substandard diet, however, remains much below the 1957 level. Expected increases of food in 1964/65 will come mainly from private plot production, the free market (for those with adequate funds), and from imports of grain. Contracts with Canada and Argentina for grain purchases extend into 1966, and negotiations with France and Australia are expected to result in additional continued imports. Since 1960, over 22 million tons of grain, mostly wheat, estimated to cost in excess of \$1.5 billion, have been imported. Purchases for delivery in 1964 set an alltime high of over 6 million tons.

THE AGRICULTURAL SITUATION AND CROP PROSPECTS
IN COMMUNIST CHINA, 1964

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WEATHER AND CROPS

Precipitation

Weather conditions throughout Mainland China were generally more favorable for agricultural production through September of 1964 than for comparable periods in any year since 1958. Some crops have been damaged by excessive rainfall and by low temperatures, but losses appear nominal. From September 1963--the beginning of the sowing season for winter crops harvested in the spring and early summer of the succeeding year--through June 1964, precipitation varied from adequate to excessive. Except for South China, which averaged slightly below mean precipitation, all regions in China averaged above mean precipitation. Since June, large areas in Central and East China have suffered from below average rainfall.

Precipitation in January far exceeded the mean, compared with almost none a year earlier. Rainfall in April and May exceeded the mean in large areas of the country, and there was no complaint of drought anywhere in the country until the latter part of April, a very unusual occurrence. In North and Northeast China, which lie in a marginal rainfall area, crops generally are affected by dry weather as much as 9 out of 10 years. Rainfall in this area has been an exception during most of 1964. Recent reports indicated a few isolated areas of drought, but no major damage to crops due to drought had been reported by midyear. Unusual weather conditions in the latter part of June brought reports of local flooding in parts of Kwangtung, Kiangsi, Hupeh, and Hunan provinces.

During the month of July, precipitation--mainly local thundershowers and typhoon action--was generally below the mean in most areas south of the 35th parallel. Soil moisture accumulation in general, however, appeared to be adequate to sustain crop growth in most areas. Similar weather patterns continued in August. Northeast, North, Northwest, Southwest, and South China received more than to above mean precipitation, while large areas in Central and East China averaged less than half the mean precipitation. During August and September, soil moisture was low in large areas of Central and East China, and drought conditions were mentioned in official statements in various parts of this dry area.

Temperature

Temperatures throughout the country in September 1963-August 1964 varied only slightly from the mean pattern, except in December 1963-February 1964. Temperatures in the fall of 1963 were comparatively mild, ranging from mean

to above mean. January, usually the coldest month of the year, was considerably milder than normal. February had persistently subnormal temperatures. A large area extending into North, Central, and East China had average monthly temperatures varying from 5 to 7 degrees centigrade below the mean, while a much larger area covering essentially the rest of the mainland (except a narrow strip along the southern and eastern coast and the eastern part of Liaoning Province) had temperatures ranging from 2.5 to 5 degrees centigrade below the mean. Frost and frost damage was reported as far south as Kwangtung Province.

Since February, temperatures have averaged about normal, except for some rather large areas in North China which averaged from 2.5 to 5 degrees centigrade below normal during April-July. No noticeable damage was caused by this condition. Warmer than normal temperatures, averaging 2.5 to 5 degrees centigrade above normal, occurred in parts of South, Central, and East China during the month of April. Above normal temperatures also occurred in Northeast China during May. No significant variations have occurred since then.

Impact on Crops

A wet year in Mainland China induces a larger than usual effort to plant additional land to crops. Insects and crop diseases also pose a greater threat. The year 1964 has been no exception. Available information for major crops in China indicates a significant increase in planted area for most crops. Increased use of insecticides and better disease control likely prevented heavy losses.

Fall sown crops--winter wheat and barley in North China, barley, oats, broadbeans, field peas, rapeseed, green manure crops, sweetpotatoes, and vegetables in the Yangtze basin and farther south--generally were planted on time and under good moisture conditions. Sowing of some crops, however, may have been delayed because of excessive moisture. Some reports indicate that not all sowing plans were fulfilled. The early arrival of cold spells may have retarded the early growth of winter wheat in North China. Farther south, however, mild weather and frequent rainfall stimulated growth of rapeseed and other broadleaved winter crops. These crops fared well until the onset of the cold weather in February, when some frost damage occurred.

The cold wet weather in April also impeded the growth of most winter crops throughout much of the cropping area in North, Central, East, Northwest, and Southwest China. Rotting of rice seedlings was reported in Hunan, Kiangsu, and Chekiang. Some of the corn and kaoliang which may have been planted too early in Shantung, Honan and the northern part of Kiangsu and Anhwei Provinces show some signs of rot. Growth of winter vegetables was retarded in various areas including Peking.

Actual losses due to unseasonal weather cannot be ascertained. The severest (coldest) weather occurred at an early stage of development; therefore plant growth resumed when better climatic conditions obtained. Areas where heavy losses occurred likely were replanted. A reduction in the potential yield likely was the greatest effect in areas of severest weather. Outright destruction of crops appears to have been minor, even in areas where seed rot occurred.

many areas, higher than usual yields were reported. The general tenor of official and other observers' reports is that crops in general are better than 1963. Damage to the irrigation and water conservancy systems may have been excessive in some areas where dikes had to be cut and where new channels had to be dug to facilitate more rapid drainage of flooded fields.

Some shifts in cropping patterns occurred. Although the extent of such shifts is not known, rice was sown in some areas originally scheduled for dry-crop areas where the water supply exceeded that in previous years. Also, some areas intended for kaoliang were planted to corn, which has a greater tolerance for wet soils and also outproduces the more drought-resistant kaoliang, and a larger area than usual was interplanted (new crop planted between rows of crop to be harvested) in some areas where moisture was adequate.

CROP OUTLOOK

Summer Harvested Crops

Claims by the China News Service on July 1, 1964, that "the year's first grain and in agricultural production (the production of winter crops and spring crops) will be increased," are justified. However, the magnitude of the increase in production is clouded. Crops planted in the fall of 1963 and those planted in the early spring, notably early rice, have been harvested. All indications point to an increase in production of summer harvested crops compared with the normal harvest of those crops in 1963, but still below the level of the pre-1959 forward period. The increased production of summer harvested grains, composed about equally of winter wheat and early rice and comprising roughly one-fourth of total grain production (excluding tuber crops), is attributed more to an increase in acreage than to increased yields. Despite increases in acreage of almost all summer harvested crops, available but inconclusive information indicates that the acreage of this category of crops, particularly winter wheat and early rice, has not regained the pre-1959 level.

Winter wheat.--Winter wheat accounts for almost 90 percent of the wheat grown in Mainland China. It is produced over a large area including much of North China, southward to central Hunan and Kiangsi Provinces, and westward to central Szechwan Province and the western boundary of Shensi Province. Numerous claims of increased acreage of winter wheat throughout the planting season eventually were resolved by an official announcement in April 1964 of a 6 percent increase compared with 1963.

Generally favorable weather prevailed in most of the winter wheat area during the fall of 1963. In North China, soil moisture was adequate, although planting in some areas was difficult or impossible because of excessive rain and waterlogging following severe summer floods. To the south, weather was less favorable; dry conditions, particularly south of the Yangtze River, handicapped seed and preparations, delayed sowing, and prevented fulfillment of acreage quotas in some southern areas. The southern areas, however, are less important producers of winter wheat.

Weather extremes during the growing period affected yields in some areas and may have destroyed some of the crop. Light to heavy snowfall, which accompanied the prolonged cold spell in February, probably lessened frost damage and provided moisture in much of the winter wheat area. The cold wave, which struck during the early part of April, caused some frost damage in the winter wheat belt. The accompanying high winds and heavy rainfall, which persisted until the third week in April, resulted in waterlogging in lower lying winter wheat fields in Hopeh, Honan, Shantung, and the northern part of Kiangsu and Anhwei Provinces, thus impeding crop growth. Rust infestation, which appears to have been more severe than usual, also was reported in widely scattered areas. After April, there was favorable weather during the rest of the winter wheat season; however, the soil remained much wetter than usual for some time.

Despite repeated claims of good harvests of wheat from areas in the main producing provinces, only Shantung and Shansi Provinces showed numerical increases. An earlier estimate of a 15 percent increase over 1963 was scaled down to 10 percent in Shantung. The claim by Shansi cannot be reconciled. Vagueness of official reports at harvesttime leads to the conclusion that yields in 1964 may be only slightly if any better than the above average yields in 1963. Increases in winter wheat production in Mainland China, therefore, should be of about the same magnitude or slightly larger than the increase in acreage in 1964.

Other winter food crops.--According to a New China News Agency broadcast on April 18, 1964, about one-third of the total cultivated area in China was planted to winter crops and about 60 percent of this area was planted to winter wheat. Of the other winter grains (barley, oats, broad beans, and field peas), barley is the most important. (In 1947, barley production was one-fourth that of wheat.) Provincial reports from South, Central, East, and North China indicate increased acreages of barley and other winter grains. The winter sweet-potato acreage in Kwangtung, the major producer, reportedly was increased 12 percent. Except for some frost damage in February, this crop, broad beans, and vegetables were reported to be better than in 1963. Although these claims cannot be verified, it is likely that this category of winter crops was expanded. Despite these increases, however, winter crop acreage has not regained the level of 1957. Weather conditions generally were not conducive to increasing yields of most of these crops. Reports of increased yields of barley in Szechwan may be justified because of more favorable weather there. From available data, claimed increases for these crops were not the result of increased yields.

The area of green manure crops, which is utilized primarily for growing rice after the crop has been plowed under, was expanded in much of the double-rice crop area in the southern part of the country. The official figure was a 10 percent increase compared with 1963. Green manure crop acreage has been comparatively small because of a lack of seeds. The need to utilize available land for producing food crops necessarily reduced the amount of green manure crops allowed to reach maturity and bear seed.

Rapeseed.--Rapeseed, the only significant winter-grown oilseed in China, occupies about 30 percent of the oilseed area (excluding soybeans) and about 80 percent of the oilseed acreage in the Yangtze Valley. On April 18, New

China News Agency estimated a 16 percent increase in acreage, and a later report indicated increases in production ranging from 10 to 50 percent. However, at the conclusion of the rapeseed harvest in Szechwan, Hupeh, and Kweichow, the major producing provinces, a report stated only that rapeseed "output is better than last year," an obvious inference that yields probably were not up to expectations. State collections, however, reportedly exceeded those in 1963.

Vegetables.--The production of vegetables, which has been increasing during the past 3 years, came under government scrutiny early in 1964. Peasants near the larger cities were admonished to gear production of vegetables to demand and to release the excess land for the production of grain or cotton. In late May, a Peking report stated that vegetable acreage in 40 municipalities, including Shanghai, Tientsin, and Shenyang, was reduced by 12 percent from 1963. Effects of this reduction were compounded somewhat in some areas, particularly Shanghai, by adverse weather which delayed planting and growth of early vegetables. Shortages likely did not occur, or were not serious, since the acreage reduction was offset by increased supplies of subsidiary foods such as meat, eggs, poultry, and fish.

Early rice.--Results from the early rice harvest, which was essentially completed during June and July, indicate a significant increase in the production of this crop, which constitutes about one-half of the early grain harvest (excluding tuber crops). Based on reports from Kwangtung, Fukien, Kiangsi, Jiangxi, Hunan, and Anhwei Provinces, which constitute almost three-fourths of the early rice area, it is estimated that the 1964 acreage exceeded that in 1963 by more than 10 percent. Despite this increase, however, the acreage of early rice is believed to be at least 10 percent below that in 1957, a year increasingly referred to by the communist regime as a "normal" year. Although all major producing areas claim increased acreages of early rice, the sowing plan was not fully fulfilled. Kwangtung Province, the most important producer of early rice, accomplished only 93 percent of its plan; nevertheless, the province's sown area in 1964 exceeded that in 1963 by almost 5 percent, according to available official data.

Weather and peasant apathy were responsible for the lack of a better sowing. Peasants cited the hard extended labor last year to fight drought, to reap a good late harvest, and work long hours on water conservance projects during the winter months. Complaining of not enough rest, they took advantage of inclement weather during the spring to remain out of the rice fields. Where a lack of rainfall in 1963 prevented or delayed transplanting of rice seedlings in large areas of Kwangtung Province, excessive rainfall and cool weather in 1964 adversely affected transplanting--not only in Kwangtung but in many areas of South and Central China. Weather conditions were almost ideal for transplanting early rice in Szechwan Province and other areas in Southwest China. Small areas of short-lived drought, with little or no resultant crop damage, were reported in Kwangsi, Yunnan, and in certain coastal areas in Kwangtung Province.

The area of green manure crops was reportedly expanded 10 percent in the early rice area, and the application of chemical fertilizer was slightly larger in 1964, according to official reports. These practices may have increased

yields enough to offset the bad effects of waterlogging earlier in the spring and the flooding which occurred locally due to torrential rains in Kwangtung, Kiangsi, Hupeh, and Hunan Provinces during harvesttime in late June.

Reports from most provinces that produce early rice indicate higher yields than in 1963. However, a report from Kwangtung Province that rice production "might exceed" the 1963 level, despite floods, drought, typhoon and insect damage bears considerable weight. This cautious report of the current crop of the foremost producer of early rice in China--compared with the poor crop in 1963--indicates the possibility that yields throughout the early rice area may not be as large as reported, although they may be somewhat larger than in 1963. Therefore, production of early rice in 1964 is expected to exceed the 1963 crop by about the percentage increase in acreage, or slightly larger.

Autumn Harvested Crops

China's major food and commercial (industrial) crops are planted in the spring and the harvest begins in early August and extends to the end of the harvesting of late rice in December. During this long period, crops are beset with numerous hazards, including weather extremes, diseases, and insect infestation. Acreage adjustments often are made among crops grown during this period, and seldom does harvested area equal the planted area. According to available information, major adjustments in acreage in 1964 included increases in early rice and spring wheat, cotton, and most of the other commercial crops, and late rice. Decreases are expected in intermediate rice, miscellaneous grains, and potatoes; however, a net increase in total rice acreage likely occurred. Since acreage figures are not available, the magnitude of these adjustments cannot be ascertained with any degree of accuracy.

Although excessive moisture and cold weather delayed or prevented plantings in some areas, favorable weather in late April through most of June stimulated growth, and crop development was about on schedule. Dry soil conditions developed over much of Central, East, and South China in July; this condition persisted into September in much of Central and East China, with soil in some areas reaching a very low level of moisture. The official press singled out some areas as having drought conditions but did not elaborate on the size of the area nor the severity of moisture shortages. Although this weather may not have seriously affected the earlier harvested crops, its persistence could affect the yields of the large areas of late crops, especially late rice.

Intermediate rice.--Production of intermediate rice--the country's large rice crop, accounting for about 40 percent of rice production--may only equal that in 1963. Reports from the major producing provinces, Szechwan, Hunan, Hupeh, and Anhwei, indicate a large acreage, and early harvest returns show yields to be higher than in 1963. But most preliminary reports overstate the facts. The expansion of early rice occurred in some intermediate rice areas because of favorable weather at planting time, and the increased acreage of late rice likely was at the expense of intermediate rice. On the other hand, some intermediate rice was planted on land intended for other grain crops. Lack of data precludes a reconciliation of actual acreage for each crop.

Torrential rains in late June caused some waterlogging in the Yangtze Valley, but damage to intermediate rice likely was light. Rains in late July relieved a dry condition which was developing throughout much of the Yangtze Valley during the month. Dry soil conditions in August probably had less effect than those in July, since the crop was nearly matured. Conditions of the weather may have offset favorable effects of more timely planting and the claimed increased application of fertilizer.

Late rice.--Claims of increases in the acreage of late rice have some justification. Generally, late rice follows the acreage and production pattern of early rice, since both crops are traditionally grown on about the same land, weather permitting. It is doubtful that the late rice area will be expanded as much as the early rice area, however. Reports from Kwangtung, Kwangsi, Fukien, Kiangsi, Chekiang, Hunan, and Hupeh Provinces state that the crop was planted earlier this year (indicating the timely harvesting of early rice despite a late start in transplanting in some areas because of unfavorable weather conditions in April), and that more fertilizer was applied. Transplanting in Fukien Province was delayed somewhat because of dry weather but met the "before fall" (August 8) deadline. There is some question about the added application of fertilizer, particularly chemical fertilizer, since availability appears no larger in 1964 than in 1963--the result of a decline in imports which about offsets the increase in production compared with 1963. Soil moisture conditions improved in much of the late rice area during August, except in the northern portion where continued dry conditions could adversely affect yields.

Spring wheat.--Spring wheat was planted on a slightly expanded area in 1964, but planting was delayed because of the late spring. Rapid growth occurred, however, because of the adequate moisture and warm weather beginning in late April. Although much of the spring wheat area is in a marginal rainfall area where crops are usually affected, rainfall has generally been above normal for the season. Reports of increased production from Heilungkiang, Kirin, Liaoning, Inner Mongolia, and Kansu, the major producers, in early August--when the crop was being harvested--are somewhat justified. The magnitude of the increase may not be large, however, because of outbreaks of rust, insect infestation, and other diseases. These outbreaks likely modified the effects of claimed expanded use of fertilizer in the spring wheat area. Furthermore, much of the harvest was accomplished during an extended rainy spell, which likely increased the problems of threshing and storage.

Cotton.--The area of China's main commercial crop, cotton, was expanded further in 1964, but not as much as in 1963. Preliminary estimates place the area currently at about 4.5 million hectares compared with about 4.2 million hectares in 1963. These small acreage figures represent increases since the calamity years and provide some indication of the extent acreage declined following the illfated "leap forward." Despite strenuous efforts by the regime, there is still a large gap between current acreage and the 1957-59 average of about 5.8 million hectares.

Planting was delayed somewhat due to unfavorably wet weather in April; some replanting may have been necessary. Although the wet soil persisted for some time, sunny skies and warm temperatures eventually brought about rapid growth of plants until the occurrence of dry soil conditions, which apparently neared drought proportions by the middle of August in some cotton areas of Central and East China. Much of the cotton may have been sufficiently mature so that the dry spell did little more than hasten ripening. Yields are expected to exceed those of last year when floods destroyed much of the crop prior to harvesting. The combination of increased acreage and yields signifies a substantial increase in the production of cotton compared with 1963.

Soybeans.--Acreage of soybeans in 1964 continued to expand, following a substantial reduction in 1962. Based on incomplete reports from provinces in the Yellow-Huai plain area and Heilungkiang Province, the main producer in Northeast China, acreage likely exceeded that in 1963 by a significant amount. Favorable weather in Northeast and other spring-sowing areas support official claims of a better crop. The belated harvesting of winter wheat in the summer-sowing crop area delayed planting of some of the crop, but adequate rainfall in that area benefited the crop when it began to grow. Yields are expected to exceed those in 1963, resulting in a larger total harvest. It does not appear, however, that acreage or production will equal that in 1957, although both appear to be the largest since about 1960, when it is believed the crop began to decline.

Other crops.--Weather generally favored the early growth of other summer grown crops, including miscellaneous grains (corn, oats, buckwheat, kaoliang, millet, etc.), commercial crops (soybeans, peanuts, other oilseeds, sugarcane, tobacco, and fibers), and potatoes. Reports throughout the country during planting time claimed increases in acreage for all these crops. Special emphasis was directed at increasing the area of commercial crops, possibly at the expense of some minor crops--for which little information is available--or even some of the area usually devoted to miscellaneous grains and potatoes. Despite claimed increases in the cropping area of these various crops, the planted area in 1964 is still considerably below the 1957-58 level.

Production of some of these summer grown crops likely will exceed that of 1963, which was a good year. Initial harvest reports for many of these crops, particularly kaoliang and millet, in the Yellow and Huai River basins describe production as being the highest in recent years. Such optimistic reports have not come from areas in Central and East China, where below mean precipitation since June likely affected crops. By mid-August, drought conditions were reported in Anhwei Province. Rainfall in the province has been of about the same magnitude as in the surrounding provinces of Chekiang, Fukien, Kiangsi, Hunan, Hupeh, and southern Honan, which constitute the heartland of a large variety of autumn harvested crops. The extent of drought damage cannot be assessed at this time. Many of the above crops were nearing maturity when the dry condition developed. Although losses of crops may not be excessive, yields probably will not be as large as earlier anticipated. Later maturing crops and crops sown outside their natural area because of the abundant moisture at planting time may be affected more adversely if dry conditions persist. A large portion of the late rice crop in the dry area also may be affected.

FOOD AVAILABILITY

Domestic Production and Consumption

Prospects for total agricultural production in Mainland China appear better than any year since the "great leap forward" crisis, but pre-leap forward levels of production are unlikely to be attained. Livestock numbers and most commercial or industrial crop production will remain significantly below the level of 1957, but are expected to exceed the 1963 level. However, the aggregate production of food crops, composed mostly of grains (including tuber crops), as well as registering a modest increase compared with 1963, should fall within a range approximating the production in 1957. Per capita production will remain far below the 1957 level. Based on population estimates, total grain production (including tuber crops) in 1964 would have to be increased 18.4 percent, 33 million tons, or 45 kilograms per person compared with 1963 to equal per capita production in 1957.

Noticeable trends in production and availability of food products have appeared, suggesting an improvement in both quantity and quality of the diet. The low calorie diet, however, remains considerably below acceptable minimum standards. Improvements in the diet, though meager, have been obtained mainly from domestic production, primarily from the efforts of peasants on their private plots. Increased production of quality foods--vegetables, fruits, poultry products, meat, fish, milk, sugar, and fats and oils--has continued to increase since 1961, although production of certain vegetables likely declined somewhat in 1964.

Other factors have become apparent during the year. In some areas, prices and incomes have become more important determinants of consumption than government rationing, particularly among urban high income groups and some enterprising peasants. Although grains are still strictly controlled by the government, more flexibility is apparent with other rationed foods, especially in the larger cities. The amount of the grain ration likely remained about static following the 1963 harvest, except for probable reductions in some rural areas to equalize distribution. Sideline production continued to expand with government encouragement. The combined effect of these activities resulted in at least a tolerable, if not adequate, level of consumption during the winter and spring of 1963-64. Southern dwellers probably fared better because of the longer growing season. A slight increase in the level of consumption per capita appears reasonable during the last half of 1964 and the first half of 1965 compared with the similar 1963/64 period.

Adjustments in Prices and Supply

Liberalization of prices for some commodities and adjustments of rationed items, according to availability, improved food conditions. Western observers noted that prices of fresh milk, eggs, and unrationed pork (derationed old stocks in cold storage) were reduced, and fresh, powdered, and canned milk and butter were allowed on the free market. Consumers in Shanghai were allowed to take their full grain ration in rice, and the scarcity of cooking oils became less critical with increased supplies of animal fats. In Nanning, capital of

Kwangsi Chuang Antonomous Region, the "monthly ration of rice, oil, and meat gradually improved both in quantity and quality" toward the end of 1963. Despite price adjustments, some peasants' purchasing power apparently was too small to obtain additional available food items or increase their purchases of usual items. The increased production of sugar in 1963/64 may have eased the ration somewhat on that item.

These increased amounts of food items do not represent a net accrual to peasants. In many areas, especially in South China, overseas food packages, which reached a peak of almost 13 million two-pound packages per year during 1961 and 1962, declined rapidly after the Chinese authorities required cash remittances in lieu of food packages in 1963. It is believed, however, that recipients of cash have been able to enhance their level of consumption.

Imports of Food

Including shipments to be delivered by the end of 1964, the communist regime has imported over 22 million metric tons of grain since 1960 at an estimated cost in excess of \$1.5 billion. If contracted deliveries are fulfilled, imports of grain into Mainland China in 1964 will top all previous years. With the recent negotiations for additional wheat shipments by Argentina, deliveries of grain in 1964 will be in excess of 6 million tons. Large amounts of grain are to be delivered by Canada in 1965 and 1966, according to the agreement of 1963. The agreement with Argentina also calls for deliveries during the next 2 years. Furthermore, negotiations for grain, which are expected with France and Australia, support the conclusion that imports of grain will continue for the next few years. Various government officials have indicated recently that it is now an economic policy to continue to import the cheaper grains (wheat, corn, barley, etc.) and export the higher priced rice and soybeans. Most of the country's exports of rice would go to soft-currency countries. Available trade data do not support the official statement of increased exports of rice. On the other hand, the policy statement may be only a rationalization for the large imports of grain.

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WASHINGTON, D.C. 20250

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